

Lu Thai Textile Co., Ltd.

Social Responsibility Report 2018



March 2019

Lu Thai Textile Co., Ltd.

Social Responsibility Report

For the Year 2018
Overview

Reporting Entity

The Reporting Entity is "Lu Thai Textile Co., Ltd." which can be referred to as "We", "The Company", "Lu Thai", "Lu Thai Company" and "Lu Thai Textile", unless otherwise specified in the main text.

Time Period

The time period is from January 1, 2018 to December 31, 2018. Considering the continuity and comparability of the information disclosure, the disclosure time of partial information may be accordingly subject to advance or postponing.

Reporting Period

This report is an annual report.

Report Scope

This report is made to mainly disclose the company's fulfillment of its social responsibility in the year 2018, and partially covers the data of related subsidiaries.

References

China Social Compliance 9000 for Textile & Apparel Industry (CSC9000T)
Social Responsibility Management System (SA8000)
Transforming our World: The 2030 Agenda for Sustainable Development (A/RES/70/1)

Language Version

This report has been prepared in both Chinese and English. If there is any discrepancy, the Chinese version shall prevail.

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Looking Forward to 2019

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Chapter 1

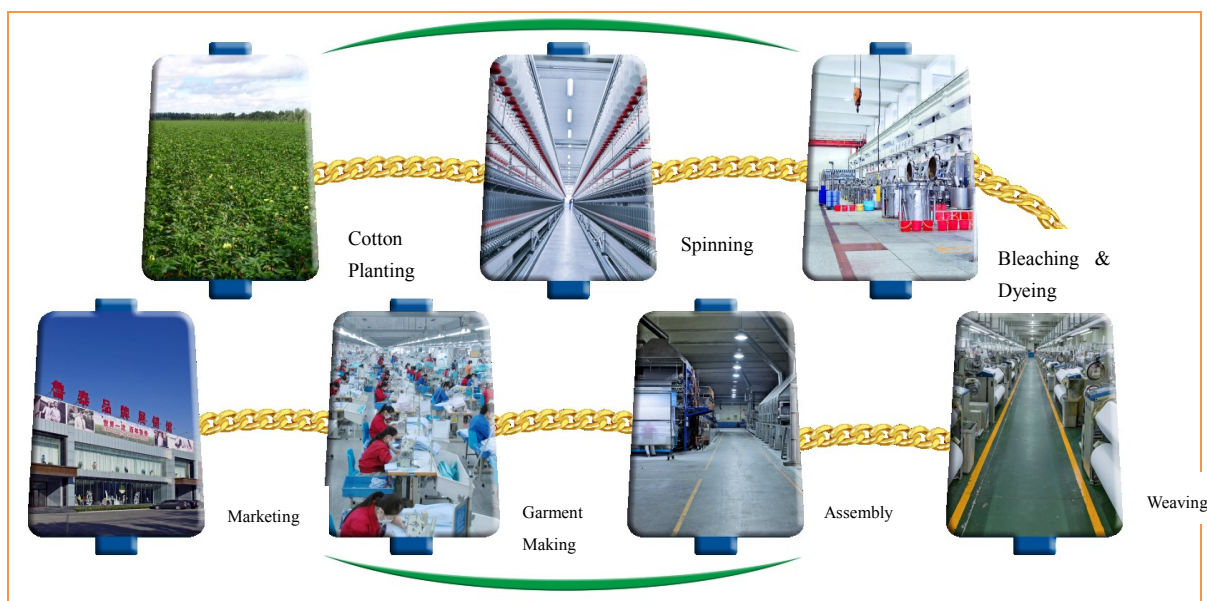
Organizational Overview

- ✧ **Company Profile**
- ✧ **Cultural Concept**
- ✧ **Organizational Structure**
- ✧ **Main Business Performance**
- ✧ **Company Honors**

Chapter 1 Organizational Overview

(I) Company Profile

Lu Thai Textile Co., Ltd. has already become the largest world-renowned manufacturer for high-grade yarn dyed fabric and premium-brand shirts, and established the complete industrial chain ranging from cotton breeding & planting, spinning, dyeing & printing, garment making to brand marketing. Besides, the company has also set up 13 holding subsidiaries, 3 offices and over 40 manufacturing factories in 8 countries, including China, U.S.A., Italy, Japan, India, Vietnam, Cambodia and Myanmar etc. as an internationalized textile and garment enterprise integrating R&D, design, manufacturing and marketing service with the focus on the industrial chain integration and comprehensive innovation.



At present, Lu Thai Textile has established the production base for the long-staple cotton of 180,000 mu and owned 900,000 spindles and 102,000 yarn spindles. However, 70% of its products are sold to over 30 countries and regions including U.S.A., EU and Japan etc.. As Lu Thai Textile's production and business operation performance always ranks among the best, it has successively won various honorary titles such as National May First Labor Medal, Prize for Outstanding Contribution in Chinese Philanthropy, National Quality Award, China Grand Awards for Industry and Single Champion Demonstration Enterprise in the Manufacturing Industry etc..

(II) Cultural Concept

Mission

- Creating wealth and contributing to the society
- Clothing the country and boosting the development of the world

Creating Wealth and Contributing to the Society

- Insist on creating value for customers, seeking happiness for employees, creating wealth for the society, and winning benefits for shareholders. We will realize our value in developing the economy and serving the society, fulfill our responsibilities through saving resources, protecting the environment, and participating in public welfare, promote the comprehensive and coordinated development of material, spiritual, and ecological civilizations, and share the achievements of civilization with the society

Clothing the country and Boosting the development of the world

- Persevere in the inheritance and innovation of the textile industry, weave a beautiful life with yarns, decorate a happy life with fabrics, dress up a colorful world with garments, and focus on the progress of the human being's textile civilization and the society's harmonious development.

Vision

- World-class Lu Thai with A Long History of 100 Years

From the Perspective of Space

- From the perspective of space, Lu Thai will follow the industrial development trend in the world to create the hi-end brand, and rely on its technical innovations to stimulate the development potential and lead the industry.

From the Perspective of Time

- From the perspective of time, Lu Thai will take the path of green, low-carbon, scientific and humanistic development path based on the textile or even beyond the textile so as to achieve its goal by virtue of its strong competitiveness.

Values

- People First
- Rigorous and Scientific
- Customers Orientation
- Integrity and Win-win Situation

People First

- Strictly adhering to the thought of Respecting, Relying, Developing and Benefiting People, the company will regard human resources as its primary resources, respect labors, knowledge, talents, and creation, advocate the equality of opportunity, fair competition, appoint people by abilities, care and love employees, create a good working environment, living environment, and learning environment for employees, and share the development achievements for employees in order to realize the mutual development between people and the company.

Rigorous and Scientific

- The company will always adhere to the rigorous, careful, responsible and ambitious working attitude, the modest, cautious, efficient, innovative and pragmatic working style, and the spirit of solidarity, hardworking and excellence, seek truth from facts, give consideration to everything, and highlight key methods to promote the work's institutionalization, regulation, and standardization, and to maintain the healthy, stable and sustainable development.

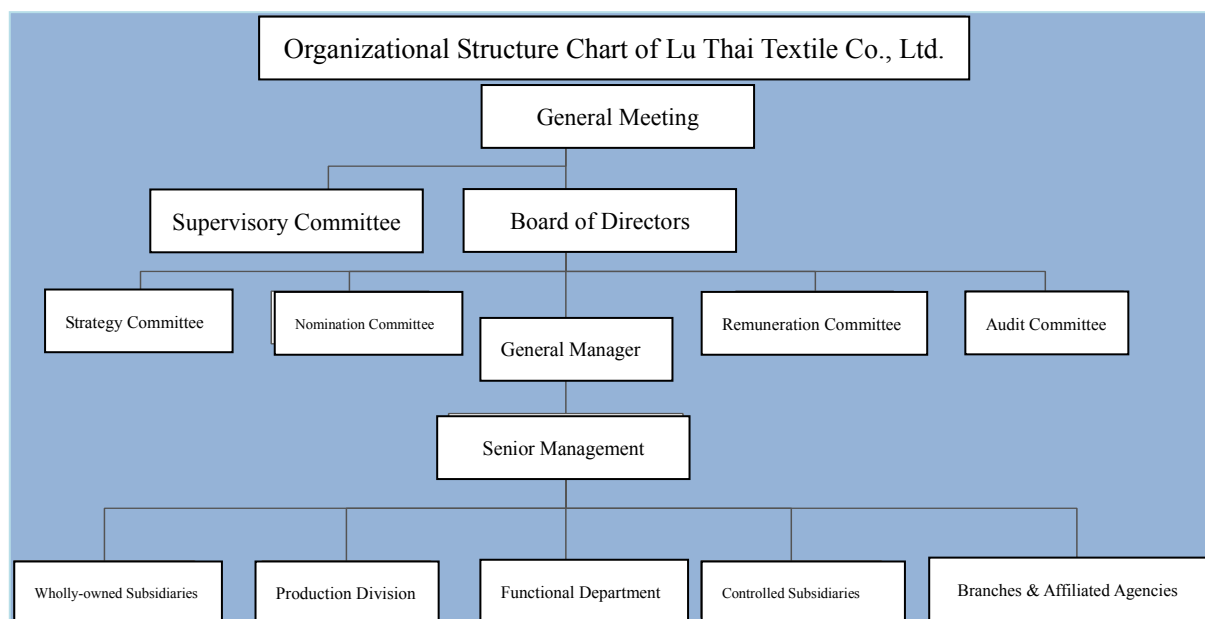
Customers Orientation

- The company will always focus on the customer's demand and regard the customer satisfaction as the objective. Therefore, the company's production and business operation need center on the customers and real-time changes in the market. By virtue of quick response and innovative management, high-quality products and services can be provided to customers in order to dynamically satisfy the customers' individualized needs and improve the customer satisfaction and loyalty.

Integrity and Win-win Situation

- The company devotes to establishing the stable, reliable and long-term partnership with related parties for a win-win situation by virtue of its integrity, high quality and service. In addition, it will strictly obey business ethics, suit the action to the word, provide customers with sincere service, earnestly treat employees, sincerely cooperate with suppliers, improve the cohesion by means of integrity management, enhance the satisfaction of related parties and achieve a win-win situation.

(III)Organizational Structure



(IV)Main Business Performance

Currently, Lu Thai Textile Co., Ltd. has possessed the total assets of RMB 10.534 billion Yuan and the net assets of RMB 7.726 billion Yuan. The company's production and business operation performance have always ranked among the best in the nationwide textile industry. In 2018, the annual yield of yarn-dyed fabrics reached 212 million meters and 17.87 million pieces of shirts were produced. Meanwhile, for 2018, the annual operating revenue amounted to RMB 6.879 billion Yuan, and export revenue 702 million U.S. dollars. As various tasks have been accomplished steadily, the company ranks among the best in the yarn dye industry nationwide.

In 2018, the net profit attributable to the listed company's shareholders reached RMB 812 million Yuan and the net profit before exceptional gains and losses RMB 805 million Yuan, respectively declining 2.84% and rising 3.15% when compared to last year. Meanwhile, the company also made great progress in scientific research innovations, management upgrading, market development, brand construction, construction of enterprise culture and other aspects.

(V)Company Honors




Awards	Conferred by	Awarding Time
Quality Award of National Textile Industry	CNTAC	January 2018
Social Responsibility Fulfillment Demonstration Enterprise in Shandong Province	Four Associations in Shandong Province	January 2018
AAA-level Corporate Reputation Certificate	Shandong Provincial Enterprise Reputation Appraisal Committee, Association of Undertakings in Shandong Province	February 2018
2018 Top 20 Dyeing and Printing Enterprise in Chin	China Dyeing and Printing Association	April 2018
2017 Top 10 Enterprise in the Yarn Dye Industry (Main Business Revenue)	China Cotton Textile Association	April 2018
2017 Top 100 Enterprise in the Cotton Spinning Industry (Main Business Revenue)	China Cotton Textile Association	April 2018
Shandong Provincial Trademark Brand Demonstration Unit	Shandong Administration of Industry and Commerce	May 2018
The brand strength ranking 845 th with the brand value RMB 8.610 billion Yuan, it's ranked in the Top 50 list of textile, clothing, shoes and hats.	China Council for Brand Development	May 2018
2017/2018 Annual Outstanding Statistics Unit in the Cotton Spinning Industry	China Cotton Textile Association	June 2018
2017 Top 100 Cotton Spinning Enterprise (Industrial Competitiveness) in China	China Cotton Textile Association	July 2018
2017 National Top 100 Garment Enterprise	China National Garment Association	July 2018
2017-2018 Advanced Unit with Outstanding Poverty Alleviation Performance in the Textile Industry	CNTAC	July 2018
Standing Member Unit of China Council for Brand Development	China Council for Brand Development	August 2018
The 5 th Session of Shandong Provincial Enterprise Management Innovation Award	Shandong Provincial People's Government	September 2018
Textile Industry Informationization Award "First Prize of Creative Application"	CNTAC	September 2018
National Technical Innovation Demonstration Enterprise	Ministry of Industry and Information Technology	September 2018
Vice Chairman Unit of The First Session of Board of Directors of China Textile Industry Internet Alliance	CNTAC Informationization Department and China Textile Industry Internet Alliance	September 2018
Shandong Provincial Enterprise Management Innovation Award	Shandong Provincial People's Government	September 2018
Shandong Provincial Outstanding	Shandong Provincial People's	October 2018

Energy-saving Contribution Unit	Government	
AAA-level Credible Enterprise	China Association of Enterprises, China Entrepreneur Association	October 2018
China Textile Industry Patent Bonus Award	CNTAC	October 2018
The 6 th Session of Vice Chairman Unit	China Dyeing and Printing Association	October 2018
The 11 th Session of National Outstanding Equipment Management Unit	China Association of Plant Engineering	November 2018
Top 40 Model Organization in China of the Corporate Culture for the 40 th Anniversary of the Reform and Opening-up Policy	China Research Institute of Enterprise Culture	November 2018
Its Net Profit Ranking among Top 30 Listed Textile and Garment Companies in Shanghai and Shenzhen in 2017	CNTAC	November 2018

Chapter 2

Sustainable Development Management

- ✧ **Social Responsibility Management**
- ✧ **Business Ethics and Integrity**
- ✧ **Communication with Interested Parties
and Response**

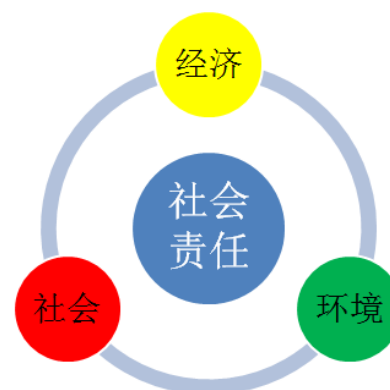
联合国可持续发展目标	8 体面工作和经济增长  促进持久、包容和可持续经济增长，促进充分的生产性就业和人人获得体面工作	9 产业、创新和基础设施  建造具备抵御灾害能力的基础设施，促进具有包容性的可持续工业化，推动创新	17 促进目标实现的伙伴关系  加强执行手段，重振可持续发展全球伙伴关系
	The Global Goals for Sustainable Development 8 Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	9 Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	17 Partnerships for the Goals Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Chapter 2 Sustainable Development Management

(I) Social Responsibility Management

1. Social Responsibility Strategy

In the past 30 years, Lu Thai Textile Co., Ltd. actively fulfilled its social responsibility while contributing to the revitalization of Chinese traditional textile industry, consistently adhered to the development idea of green, environmental protection and sustainable development and devoted to producing healthy and environmental-friendly textiles for the world and promoting the sustainable development of economy, society and ecological environment.



In order to strengthen the enterprise's social responsibility management, Lu Thai company has combined the new situation of economic development with that of social development, and worked out the social responsibility and sustainable development strategy of Lu Thai Textile Co., Ltd. based on previous social responsibility practice and achievements. With "World-class Lu Thai with A Long History of 100 Years, People First, Scientific Management, Law Abiding, Harmonious Development, Working Hard, Pursuit of Excellence, Creating Wealth and Contribution to the Society" as the policy, the social responsibility and sustainable development strategy has taken environmental protection, sustainable development and care for the society into consideration.

2. Construction of Social Responsibility System

In order to guarantee the effective implementation of social responsibility strategy, the company has established and improved the social responsibility-related system according to applicable laws, regulations and related international standards so as to guarantee that the company's operation can produce positive influence on the ecological environment, the society and other interested parties and boost the sustainable development of the company, the society and the environment.



The social responsibility performance team consisting of senior executives, major department heads and labor representatives shall serve as the company's highest management organization in charge of the company's social responsibility management. The team will convene and hold a meeting semiannually for preparing the social responsibility system documents, researching and reviewing major matters in relation to the company's social responsibility work, managing, coordinating and discussing the social responsibility fulfillment of related parties

including various departments and suppliers and the specific execution of applicable standards, urging the implementation of social responsibility performance inspection and taking actions to eliminate hidden problems, in which way, the company's social responsibility management can be institutionalized and normalized, and the harmonious and sustainable development between the enterprise and the environment/society can be ensured.

With the steady advancement of the company's comprehensive internationalization strategy, the company has also made the social responsibility system construction of overseas factories an important part of its development, earnestly fulfilled its social responsibilities, listened to the voices of all walks of life, built a good relationship with related parties, and achieved good social benefits.

The company has always paid attention to the return on investment of shareholders. From the listing in 1997 to 2018, through the issuance of B shares and the additional issuance of A shares, a total of RMB 2.015 billion Yuan was raised. Since its listing, the company has realized an accumulative net profit of RMB



9.422 billion Yuan. As it insists on cash distribution every year, the total cash distribution amounts to RMB 4.650 billion Yuan with the cash distribution rate at 49.35%, which is 2.31 times of the accumulated raised funds.

(II)Business Ethics and Integrity

1. Adhere to the Compliance Operation

The company has always emphasized that integrity and law-abiding principles are the foundation of the company, and always abide by the values of "integrity and win-win situation". As the company adheres to the principle of honesty, law-abiding and compliance management, it has perfected the credit management mechanism, and established a credit management system involving society, customers, partners and suppliers, employees, shareholders and other related parties; by means of the propaganda of corporate culture, publicity and education training, inspection and supervision of employees' behaviors and other measures, the company continues to guide employees to abide by ethical standards, improve their moral accomplishment, establish the law-abiding social image, ensure the value of integrity, and promote ethical behaviors.

➤ Moral Conduct and Results

Objects	Indicators	2016	2017	2018
Senior Leaders	Quantity of Non-conformance Events	0	0	0
Middle-level Cadres and Related Functions	Quantity of Non-conformance Events	0	0	0
	Employee Satisfaction	84.42	84.5	87.8
	Legal Tax Payment (%)	100	100	100
	Quantity of Uncivilized Events	0	0	0
Employees	Popularization rate of Professional ethics education for employees (%)	100	100	100
	Quantity of Violations against code of ethics	0	0	0
Shareholders	External audit results	Standard, no reserved audit opinions	Standard, no reserved audit opinions	Standard, no reserved audit opinions
Suppliers	Contract payment rate (%)	100	100	100
Customers	Order fulfillment rate (%)	100	100	100
Communities	Quantity of immoral events influencing the community	0	0	0

2. Intellectual Property Protection

Intellectual property rights provide a strong support for the company's development, and it is the magic weapon for the company to compete in the domestic and foreign markets. Lu Thai has always attached great importance to the protection of intellectual property rights. Therefore, the company continues to optimize the intellectual property system, sets up the intellectual property and patent protection team, establishes various trademark management regulations and patent application management procedures, fights against any infringement of trademark, rights patent rights and copyrights etc., conducts corresponding

accident investigation and evidence collection, identifies corresponding responsibilities in relation to intellectual property rights so as to improve the overall operational efficiency of intellectual property protection and propel its innovation and development by virtue of its intellectual property rights. After more than 30 years of development, Lu Thai has indeed turned a page for its protection of intellectual property rights. As of December 31, 2018, Lu Thai obtained a total of 335 patent licenses and 3 software copyrights, and presided over or participated in the formulation of 44 national and industry standards.

(III) Communication with Interested Parties and Response

As the trust and support of interested serve as the basis for the company's sustainable and healthy development, Lu Thai has regarded the government, shareholders and investors, customers, employees, suppliers and partners, the community and the public as the most important interested parties, paid great attention to communicate with various related parties, listened carefully to their voices, and taken their feedback seriously. In line with the actual situation, the company has timely adjusted the communication mechanism and methods and accordingly improved the company's management system.

Related Parties	Expectations and Requirements	Interactive Mode	Measures Taken
Government	<ul style="list-style-type: none"> ☞ Safe Production ☞ Environment-friendly Production ☞ Compliance Management ☞ Employment Enhancement ☞ Fulfillment of Social Responsibility 	<ul style="list-style-type: none"> ✧ Legal Operation ✧ Be subject to supervision ✧ Wisdom contribution ✧ Improvement of people's livelihood 	<ul style="list-style-type: none"> ☺ Contribute the enterprise's experience to the industry's development ☺ Contribute the enterprise's strength to improve the people's livelihood ☺ Contribute the enterprise's wisdom to protect the environment
Customers	<ul style="list-style-type: none"> ☞ Product quality and environmental protection ☞ Satisfactory service, accountable marketing ☞ Prompt delivery and reasonable price ☞ Respect customers and take customer complaints seriously 	<ul style="list-style-type: none"> ✧ Customer visit ✧ Customer service hotline ✧ Open business operation 	<ul style="list-style-type: none"> ☺ Improve the product quality management system ☺ Improve the customer relationship management system ☺ Conduct the customer satisfaction survey ☺ Visit customers regularly
Shareholders and Investors	<ul style="list-style-type: none"> ☞ Investment income ☞ Continuous profitability ☞ Transparent operation 	<ul style="list-style-type: none"> ✧ Annual work report ✧ Financial audit report ✧ Shareholders' meeting 	<ul style="list-style-type: none"> ☺ Compliance management, open and transparent operation ☺ Safeguard the legitimate rights and interests of shareholders
Community and Public	<ul style="list-style-type: none"> ☞ Promote employment ☞ Protect environment ☞ Economic development ☞ Improving people's livelihood 	<ul style="list-style-type: none"> ✧ Supervision by the masses ✧ Visit communities 	<ul style="list-style-type: none"> ☺ Help the poor, and join the public welfare activities ☺ Energy saving and emission reduction, trees planting ☺ Promote the employment and develop local suppliers

Employees	<ul style="list-style-type: none"> ☞ Scientific and reasonable wages and benefits ☞ Healthy and safe working environment ☞ Improve the attainment and the career development ☞ Smooth communication and respect for human rights 	<ul style="list-style-type: none"> ✧ Labor Union, employees' representative ✧ Complaint channels: employee hotline, complaint box etc. ✧ Trade union committee members, employee representative assembly 	<ul style="list-style-type: none"> ☺ Scientific and reasonable remuneration system ☺ Improve the employee training mechanism ☺ Carry out the career planning ☺ Create a good atmosphere and encourage employees to make innovations ☺ Establish a variety of communication channels to keep abreast of employee needs ☺ Help the poor and support employees
Suppliers and Partners	<ul style="list-style-type: none"> ☞ Credible operation, keeping promises ☞ Respect free wills and control the risks ☞ Equality and mutual benefit, continuous cooperation ☞ Adhere to business ethics and promote the sustainable development of supply chain 	<ul style="list-style-type: none"> ✧ High-level visits ✧ Experience and technology exchange and cooperation ✧ Daily communication ✧ Open business operation 	<ul style="list-style-type: none"> ☺ Continuously improve supplier management processes and strengthen the control of operational risks ☺ Strengthen the contract management and standardize the credible procurement ☺ Share experience and technology, mutual exchange of needed goods

Chapter 3

Sustainable Products and Services

- ✧ **Deepen the Product Quality Control**
- ✧ **Product Realization Geared to Sustainable Development**
- ✧ **Continuous Improvement of Service Level**
- ✧ **Creatively Promote Sustainable Development**



The Global Goals for Sustainable Development	9 Industry, Innovation and Infrastructure	12 Responsible Consumption and Production	13 Climate Action
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Ensure sustainable consumption and production patterns.	Take urgent action to combat climate change and its impacts.

Chapter 3 Sustainable Products and Services

(I) Deepen the Product Quality Control

The company has always attached great importance to the product quality control and established the quality policy of “The quality is the foundation of the company’s life, and it’s always the company’s mission to satisfy the needs of customers and the market and continuously improve the product quality” so as to ensure the product quality, avoid any hazards of personal safety, health, environment and the harm caused by the product itself, and provide the society with safe, reliable, high-quality and environment-friendly products.

The company continues to promote the construction of quality culture. In 2018, we organized various activities such as technical competition, outstanding employees evaluation, quality improvement activities, and QC group proposals etc. to continuously strengthen the quality awareness of all employees, and actively create a good quality culture atmosphere in which the product quality is the focus.

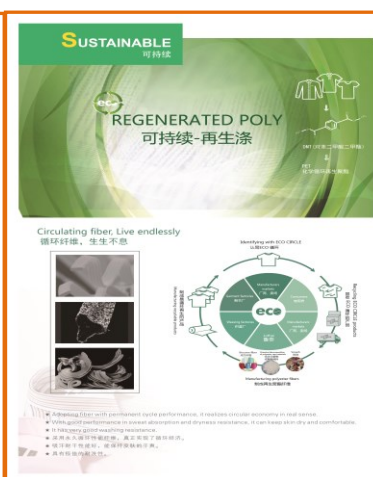


The company establishes a quality and safety responsibility management system, continuously promotes the establishment of a sound quality management system, strengthens the quality management involving all employees, the whole process, and all aspects, strictly organizes the production and operation and quality control according to applicable national and industrial quality and safety regulations, policies and standards, implements the major quality accident reporting and emergency response system, improves the product quality traceability system, and supervises the product safety by means of monitoring, measuring and process control in order to realize the product's "intrinsic safety".



(II)Product Realization Geared to Sustainable Development

Lu Thai adheres to the concept of green development, introduces the concept of sustainable development from the very start of product design, effectively utilizes various natural resources and



reduces different negative factors affecting the environment. Gradually, the focus of product design has been transferred from appearance, function and commercial interest to the field of sustainable development. While realizing the product economic benefits, the environmental protection and personal health are also taken into consideration. In other words, designers shall take the harmony and unity of economy, society and environment into full consideration during their design.

In the selection of raw materials, we attach great importance to the renewable and reusable resources, prioritize the selection of green and environment-friendly fibers, and actively develop ecological textiles.

In terms of the process setting, we will focus on reducing the adverse impact on the environment, commit to changing the traditional high-consumption and high-pollution production mode, actively promote clean production, adopt new technologies that are energy-saving, efficient, and pollution-free, optimize the resource allocation, and reduce corresponding energy consumption and environmental pollution.

In the production process, we fully consider the impact on the surrounding environment and the employee's health, pay attention to the use of green and environment-friendly chemicals, actively develop non-toxic and harm-free dyeing auxiliaries, build sewage treatment facilities, and collectively dispose the dyeing and printing waste water for the purpose of mitigating the damage on the environment, especially on the soil.

For the use of products, we advocate the sustainable consumption model, ensure corresponding consumption to be conducive to the environmental protection and the ecological balance. Meanwhile, consumers are called for to meet their own needs while maximizing the use of resources to help build a resource-conserving and environment-friendly society.

(III)Continuous Improvement of Service Level

The company ever determined that 2018 should be the year for “the continuous deepening of market services”. Therefore, the company carried out the in-depth study of the market and customer needs, transferred the needs of market and customers into various requirements in key processes involving the product R&D, the technical design, the production process organization and control, and the service planning and implementation in a comprehensive, systematic and proper way, further deepened the market service work, efficiently integrated internal and external resources of the company, and improved the market service capabilities.



At the same time, the company continuously pays attention to the customer's needs, visits its customers, and holds market analysis meetings on a regular basis, analyzes and researches the changes of market and customer demands, conducts the customer satisfaction survey, analyzes the potential customer's opinions and the competitor's information, systematically identifies various quality and safety risks, and actively takes preventive actions. In addition, the company has established the major quality accident reporting system and product monitoring system, and in line with the differentiated needs of the market and customers, the company has strengthened the monitoring, analysis and assessment of quality and safety risks from various aspects such as the selection of raw materials and auxiliary materials, precontrol of orders, technical process formulation, quality control, production process control and product delivery so as to timely warn quality risks, promptly take measures to eliminate major quality and safety hazards, and effectively achieve the early detection, early research, early warning and early disposal of quality and safety risks. In November 2018, Lu Thai Testing Center passed the BURBERRY customer certification, and the testing center became the first laboratory in Asia and the third laboratory in the world to pass the BURBERRY customer certification.



On the condition that various preventive measures are positively taken, the company has established a sound customer complaint handling mechanism, responded quickly to customer quality feedback, and innovated various service methods, on which basis, customers can feedback complaints to the company through e-commerce platforms, marketing personnel, hotline etc. as

the company has assigned specialists in charge of handling the customer's complaints. Besides, corresponding customer complaint handling procedures are also established to guarantee that the customer's complaints can be effectively and timely processed.

The implementation of a series of measures has effectively eliminated the occurrence of major quality and safety accidents in the company, ensured the continuous improvement of the quality of products and services, improved the

overall quality service level of the company, and satisfied the differentiated needs of customers from various aspects such as quality, delivery, cost, service, safety and environmental protection and won the trust of customers.

(IV) Creatively Promote Sustainable Development

The company always regards the scientific and technological innovation as the guiding principle, the market the direction, the enterprise the main body, scientific research institutes and universities the support, strategic customers and key suppliers the alliance to establish the seamlessly-linked creative the “Double Four-in-One” mode involving production, quality control, R&D design and marketing so as to carry out basic, critical and forward-looking scientific researches,



improve the comprehensive technical level of the industry, and help the industry’s upgrade from manufacturing, creation to creativity. Moreover, the company regards “enterprise development through science and technology” as an important strategy for the company’s development, and the transformation of scientific research innovations and scientific and technological achievements the company’s primary task in order to thoroughly build the enterprise’s core competitiveness, maintain the leading position of technology, introduce the healthy and sustainable lifestyle, and convey the infinite connotation of the development of modern textiles.

	Garment-dipping Research Center	Hong Kong TAL UNIQLO PVH	Post-cure Fabric Research Center Lu Thai Design Center	
SORONA New Material Research Center Spinning & Dyeing Technology Research Center	DUPONT Archroma	Lu Thai Textile	Chinese Academy of Agricultural Sciences The Hong Kong Polytechnic University Donghua University	Long-staple cotton research base New spinning technology, and color transfer technology Lu Thai R&D Center in Donghua University
Double Four-in-One Creative Platform Mode				



➤ **Lu Thai MDS Automatic Refined Clean Production Model Project**

Lu Thai Textile Yarn Dye MDS Automatic Refined Clean Production Model Project has been selected into the list of National Industrial Clean Production Model Projects. The project has a total investment of about RMB 50 million Yuan, adopted the self-developed semi-cylinder dyeing technology, introduced the patented twisted spinning technology, and applied the multi-channel water supply system based on the recovery of waste water, and the world-class dyed yarn stereoscopic warehouse and automatic dyes and additives feeding system to realize the refined production process. However, the project will save 3,790 tons of standard coals, 43 tons of fuel, and 1,632 tons of auxiliaries. The project aims to promote the industrialized application of key common technologies for clean production, reduce the emission intensity of pollutants in industrial sectors, and promote pollution prevention and control in key areas and key river basins.

Through continuous improvement of scientific research and innovation system, the company actively builds its scientific and rational innovation network and continuously increases investment in science and technology research and development. As of December 31, 2018, the company successfully developed more than 600 new technologies and new products, and 46 products passed the provincial and ministerial scientific and technological achievements appraisal, including 13 international leading products and 30 international advanced products. Meanwhile, the company has won 53 national, provincial and ministerial awards, including one first prize and two second prizes of the National Science and Technology Progress Award. The company has undertaken 17 provincial and ministerial scientific and technological plans, obtained 335 authorized patents and 3 software copyrights, and presided over or participated in the formulation of 44 national standards and industrial standards.



2 Stations	National Postdoctoral Research Station Shandong Provincial Academician Workstation
3 Bases	National Dyed Yarn Fabric R&D Base National Foreign Knowledge Introduction Model Base Pilot Scale Test Base
4 Centers	National Enterprise Technology Center Shandong Provincial Industrial Design Center Shandong Provincial Engineering Technology Research Center Lu Thai Group-R&D Center in Qingdao University
5 Labs	Fibre Spinning Technology Research Lab Dyeing and Printing Technology Research Lab Garment Technology Research Lab Low-carbon Technology Research Lab Central Lab

Chapter 4

Sustainable Production and Operation

- ✧ **Safe Operation**
- ✧ **Green Production**
- ✧ **Climate Action**
- ✧ **Supply Chain Management**



The Global Goals for Sustainable Development	3 Good Health and Well-being	6 Clean Water and Sanitation	7 Affordable and Clean Energy	8 Decent Work and Economic Growth	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action
	Ensure healthy lives and promote well-being for all at all ages.	Ensure availability and sustainable management of water and sanitation for all.	Ensure access to affordable, reliable, sustainable and modern energy for all.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Make cities and human settlements inclusive, safe, resilient and sustainable.	Ensure sustainable consumption and production patterns.	Take urgent action to combat climate change and its impacts.

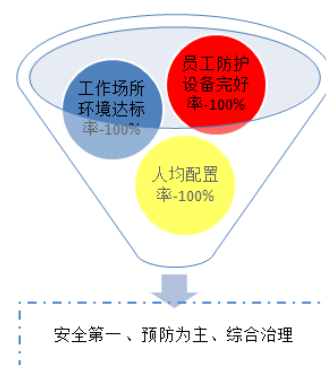
Chapter 4 Sustainable Production & Operation

(I) Safe Operation

Safety shall be the lifeblood for the enterprise's development and the guarantee for the healthy, stable and sustainable development of enterprises. In 2018, the company actively promoted the construction of a long-term mechanism for safe production, established and improved a strict and scientific safety production responsibility system and supervision system, continuously improved safety production rules and regulations, promoted the standardization of the safety production management, and comprehensively enhanced the level of safety production management and safety production. As a result, the safety situation continues to be stable and positive on the whole.

1. Construction of Safety Production Management System

The company always adheres to the principle of "safety first, prevention first, comprehensive management", promotes the safety production standardization, and continuously promotes the construction of safety production management system. In 2018, various safety production rules and regulations such as Safe Production Management



Regulations, Fire Safety Management Regulations, Occupational Health Management Regulations and other safety production regulations were revised for improvement, and corresponding safety responsibilities of the company's personnel at all levels, ranging from the general manager to the grassroots employees, were defined. Meanwhile, the company has established safety production committees at home and abroad to strengthen the construction of leading cadres and supervision teams. All factories and departments have established their own safety and fire management leading groups and appointed full-time safety and fire management personnel to improve the company's safety and fire management network. Through training, education and guidance, the company will strengthen the construction of a safe production culture, improve the personnel's safety production awareness, legal and regulatory knowledge and professional quality and competence, implement the safety production target responsibility management system, and decompose various safety management objectives at all levels.



Workplace Environment Control Rate 100%



Employees' protective equipment serviceability rate 100%



Per Capita distribution rate



➤ 2018 Production Safety Month Crosstalk and Sketch Evening Party

In July 2018, the company held 2018 Production Safety Month Crosstalk and Sketch Evening Party, and presented awards to winning groups and individuals competing in various activities including "Inspection, Protection and Supervision", "Potential Safety Hazards Checking and Identifying Activity" and "Ankang Cup Essay Soliciting Activity". During this evening party, employees expressed and conveyed the idea of Life First and Safe Development in various forms including crosstalk, sketch and recitation of distinct theme and profound meaning, by which means, employees' awareness of safety production could thus be improved. During the production, they would pay special attention to various potential safety hazards, learn related safety production knowledge, strictly carry

2. Management of Safety Risks and Hazards

As a matter of fact, the company actively responded to the government's call for continuously improving the construction of the dual prevention system for safety production risk grading management and control and hidden dangers, and insisted on taking preventive measures to control risks from the source. Based on the risk identification, the company focused on the risk grading management and control, applied the identification of hidden dangers as a means, and informatization as a



platform to build a dual prevention mechanism for enterprise safety production risk control and investigation, in which way, the enterprise's safety management could be standardized and divided into a specific objective.

Besides, the company thoroughly identified various environmental factors and sources of dangers, took effective management and control measures, established its own safety production risk information database, and assembled relevant information on enterprise safety production. Meanwhile, the company applied the qualitative and quantitative statistical analysis methods to determine the severity of various risks so as to define the priority of risk control and related control measures. Based on the department's daily safety management and the supervision and control of the safety management departments at all levels, the company carried out the process management and implemented the effective control to achieve the goal of improving the safe production environment and reducing and eliminating safety production accidents.



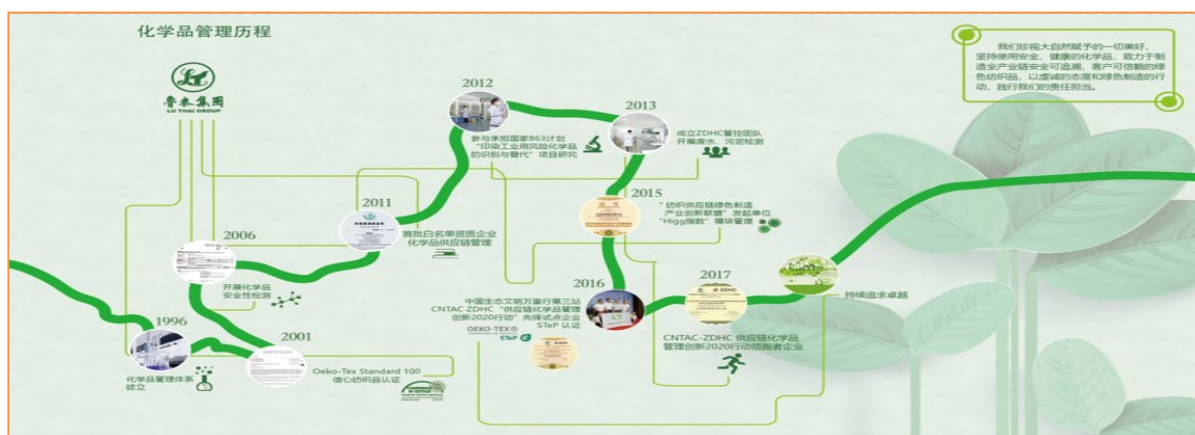
1375 In 2018, Lu Thai Company's domestic and foreign factories identified a total of 1375 environmental factors.

3746 In 2018, Lu Thai Company's domestic and foreign factories identified a total of 3746 sources of dangers.

3. Management of Dangerous Chemicals

The company controlled the entire process of procurement, transportation, storage, use and disposal of dangerous chemicals, established Safety Management Regulations on Dangerous Chemicals, clarified the responsibilities of relevant departments, and strengthened the construction of dangerous chemicals systems. In addition, the company also formulated 2018 Annual Dangerous Chemicals Emergency Plan, and carried out emergency drills for dangerous chemicals emergencies so as to continuously enhance the reliability and practicability of such emergency plan, and improve the coordination and cooperation between different departments. For the personnel involved in the work of dangerous chemicals, the company implemented the level-3 safety training system, formulated 2018 Annual Training Plan, organized a series of safety education activities, and strengthened the personnel's safety awareness by learning related laws and regulations and chemical-related knowledge and analyzing different cases so as to continuously improve the company's safety management level of dangerous chemicals.

As we cherish everything endowed by the nature, we insist on using safe and healthy chemicals, and devote to manufacturing green textiles whose whole industry chain is safe and traceable and worthy of customer's trust. We will take our responsibilities by virtue of our sincere attitude and green manufacturing campaign.



化学品管理历程

Chemicals Management History

In 1996, the chemicals management system was established.

In 2001, Oeko-Tex Standard 100 Confidence in Textile Certification was obtained.

In 2006, the company initiated the chemicals safety testing.

In 2011, the first batch of qualified enterprises recorded in the white list (chemicals supply chain management).

In 2012, the company participated in and undertook the research on the National 863 Plan "Identification and Replacement of Dangerous Chemicals for the Use of Dyeing and Printing Industry" project.

In 2013, the company set up ZDHC Control Team in charge of conducting corresponding waste water and sludge detection.

In 2015, the company became one founding member of Textile Supply Chain Green Manufacturing Industry Innovation Alliance to execute the Higg Index modular management.

In 2016, China's Ecological Civilization Tours (the third station); CNTAC ZDHC Supply Chain Chemicals Management; Innovation 2020 Action Pioneering Pilot Enterprise; STeP Certification.

In 2017, the company played a leading role in CNTAC-ZDHC Supply Chain Chemicals Management Innovation 2020 Action.

The company will never stop pursuing the excellence.

4. Production Safety Emergency Management

The company continued to improve the construction of emergency management system and steadily enhanced its abilities in accident prevention and emergency response. In order to improve the emergency processing capacity of the company and various production plants and departments during accidents, the company perfected Regulations on Emergency Preparedness and Response Management and other rules and regulations in 2018, formulated Emergency Preparedness and Response for Fire Accidents, Emergency Preparedness and Response for Hazardous Chemicals Leakage Accidents, Emergency Preparedness and Response for Natural Gas Leakage Accidents and other response plans. Besides, the company also set up an emergency rescue leading group to guide all departments to establish corresponding emergency response plans, conduct universal education on all kinds of emergency rescue knowledge, organize emergency rescue teams and conduct regular drills, supervise the construction of emergency rescue teams, the allocation of equipment, instruments and materials, and corresponding



management conditions. At present, the company has established 9 full-time emergency rescue teams, convened more than 220 full-time firefighters, and more than 1,800 volunteer firefighters, and will perform firefighting drills and emergency rescue drills twice a year.

320 In 2018, Lu Thai Company's domestic and foreign factories carried out a total of over 320 emergency drills.

58400 In 2018, various emergency drills conducted by Lu Thai Company's domestic and foreign factories involved more than 58400 employees.



(II)Green Production

Low carbon and green concept are the main keynote of today's economic development in the world. As China is vigorously promoting the construction of ecological civilization, low-carbon textiles and green textiles have become the general trend of the industry's future development. Lu Thai is committed to weaving high-quality green and environment-friendly textiles for the world. In the process of production and operation, we always take the path of sustainable development featuring "Green, Low-carbon and Environment Protection". Through the implementation of Green Production, we have improved production processes, optimized manufacturing techniques, researched new environmental protection and energy-saving technologies, reduced the resource consumption, and strictly controlled the pollutant discharge so as to promote the unification of economic, social and environmental benefits.

1. Sustainable Utilization of Resources

(1) Water Resource

The company has developed and adopted a number of technologies including the semi-cylinder dyeing and the reuse of reclaimed water etc., which reduces the water consumption in production processes, improves production efficiency, reduces energy consumption, and achieves a major breakthrough in

energy saving and emission reduction and green low carbon technology in the textile industry. In addition, the “Dyeing and Printing Waste Water Large-flux Membrane Treatment and Recycling Technology and Industrialization” technology developed by the company has won the Second National Prize for Progress in Science and Technology, and the company has also adopted the “Column-type Ultra-filtration+Inverse Penetration” technology to realize the reuse of dyeing and printing waste water. Meanwhile, Lu Thai has always highlighted the environmental protection and has invested nearly RMB 200 million Yuan in the company’s treatment of industrial waste water and the construction of urban sewage treatment plants to undertake the treatment of urban sewage in Zichuan District. At present, these sewage treatment plants’ sewage treatment capacities have achieved 80,000 tons/day, which has made positive contributions to the construction of the residential environment in the whole district.



In order to realize the recycling of water resources and provide a guarantee for long-term development, the company has built a 20,000-ton/day reclaimed water reuse facility which adopts the world-leading “immersion ultra-filtration + reverse penetration” technology to

realize the regeneration and reuse of waste water. As various indicators revealed by reclaimed water are superior to the national water quality standards for recycling, regional water resources can thus be recycled.

Major Classification of Waste Waters Deep-colored water is separately controlled and high-concentration PVA water is separately collected for treatment to relieve the burden of subsequent waste water treatment. Special materials are recycled, and the reuse rate of liquid ammonia achieves above 98%.	Emission Reduction	Recycling of Color Caustic Soda Advanced liquid caustic soda recycling equipment is introduced from Germany, and the concentrated weak alkaline liquor will be applied for mercerizing finish with the recycling rate above 80%.
Realization of Waste Water Regeneration and Recycling of Dyes Lu Thai has invested RMB 80 million Yuan to its waste water dual membrane recycling project. As its water production can reach		Permissible Discharge The company has applied the Level 2 waste water treatment process, and 4 waste water treatment stations are built in the factory with the daily waste water treatment of 18,000

20,000 cubic meters/day, water resources are thus saved and the company's demand for production water supply is satisfied as well.		tons; Zibo Limin Purified Water Co., Ltd. subordinated to the company has made its daily waste water treatment reach 80,000 tons, which will not only further process its own waste water, but also burden the task of treatment of urban sewage in Zichuan district.
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(2) Energy Control

To fulfill its social responsibility, the Company need strengthen the control of energy and water resources, and carry out energy conservation and emission reduction. As a matter of fact, the National 13th Five-Year Plan outlines the establishment of a modern energy management system to promote the resource conservation and intensive use, comprehensively advocate the energy conservation, encourage the construction of water-saving enterprises and create a resource-saving and environment-friendly society.

Further, the company is keeping pace with the times, implementing relevant laws and regulations on energy and water resources, continuously improving the construction of enterprise energy management systems and measurement management systems, firmly promoting the construction of water-saving enterprises, and creating a green industry supply system in line with the company's own development.

In 2018, the company relied on the energy management and control center, adopted various automation and information technologies, built the big data platform for the company's energy management, and scientifically conducted the energy purchase, conversion, transportation, and use management. Focusing on the energy management policy of "energy saving, consumption reduction, emission reduction, and efficiency improvement", the company continuously promoted the innovation of the energy management system. Meanwhile, the company aimed at energy conservation and efficiency, regarded institutional innovation as the starting point, and considered the energy-saving technology transformation as a breakthrough to strengthen the top-level design and overall coordination, strictly control the annual energy use plan and energy-saving goals, implement the energy performance evaluation system, and propel the energy-saving technology innovation.

In 2018, the company upgraded various procedural documents and systems including Energy and Water Resources Management Procedures and Energy Consumption and Water Consumption Management Regulations, strengthened the energy-saving technology innovation, and promoted the energy-saving and cost-saving control. Over 70 process and equipment renovation projects were carried out throughout the year, and emphasis was placed on the recovery, transformation and application of energy and technologies from such aspects as waste heat resources, fluid energy conservation, efficient motor utilization, and air waste heat etc., in which way, good economic and environmental benefits were achieved, the awareness of energy conservation and innovation of all

employees was also stimulated, and all employees were inspired to give their subjective initiative into full play.

By strengthening the energy management and control, the company has further improved the energy management system construction, enhanced the professional quality of energy management personnel, achieved the standardization of various energy efficiency indicators, and successfully completed the annual energy conservation goals, reduced the proportion of energy costs in the company's business operating costs, in which way, a new situation can be created for energy saving and consumption reduction, and the corporate image of the company can also be enhanced.

2. Wastes

The company continues to promote the clean production, improve production processes, optimize production techniques, and research new environment-friendly and energy-saving process technologies so as to reduce the resource consumption and wastes from the source and realize the comprehensive utilization of various resources. By using selected dyeing auxiliaries, the company has adopted different environment-friendly and energy-saving process technologies such as liquid ammonia recovery, PVA recovery, liquid alkali recovery, and waste heat recovery to reduce the material and energy consumption, decrease wastes, and maximally protect the environment.

(III)Climate Action

1. Reduction of Carbon Emissions

Lu Thai keeps abreast of the development of low-carbon environmental protection technology in the industry, adopts new technologies, new processes, new equipment and new energy, and implements the low-carbon energy-saving project throughout the production and operation process. Since the company insists on the use of safe and healthy dyes and auxiliaries, it actively advocates the use of eco-friendly raw materials including natural fibers and regenerated cellulose fibers, and develops a series of healthy and environment-friendly textiles and technologies including the easy-to-clean technology and the self-decontamination technology. By introducing the energy conservation and water saving concept into its production and use process, the use of laundry detergent and carbon emissions have been largely reduced in line with the development direction of ecological environmental protection and energy conservation. The company has always adhered to the concept of "Green, Low Carbon and Environmental Protection" for its sustainable development, actively carried out the R&D, promotion and application of advanced technologies and equipment, implemented various low-carbon energy-saving projects, and promoted the unification of economic, social and environmental benefits. Compared with that in 2017, nitrogen oxide emissions decreased by 12.28% in 2018.

2. Integrate Green and Low-carbon Concept into Technical Innovation

Green development is an important development trend in today's world. As an important member of the society, enterprises shall burden major responsibilities and missions. Under the background of this era, Lu Thai plays an active role and integrates the concept of green and low carbon into the technological innovation of enterprises. At the same time, it relies on technological innovation to solve the problem of green development and forms a new pattern of harmonious development between the man and the nature.

The company has always adhered to the concept of green and low carbon during the process of scientific and technological innovation, and promoted its green development by virtue of various technological innovations. The "Dyeing and Printing Waste Water Large-flux Membrane Treatment and Recycling Technology and Industrialization" technology developed by the company has won the Second National Prize for Progress in Science and Technology, and various technologies including the semi-cylinder dyeing technology and the reuse of reclaimed water are applied to make great breakthrough in energy saving, emission reduction and the green and low carbon technology in the textile industry. Meanwhile, the company's semi-cylinder dyeing technology ever won Major Energy-saving Achievement Award in Shandong Province. Besides, the company has won various honorary titles including National Leading Company with Excellent Water Utilization Performance in the Textile Industry, Shandong Provincial Water-saving Enterprise, Shandong Provincial Outstanding Enterprise in Energy Saving (only 5 enterprises win this title) and Zibo Municipal Outstanding Enterprise with Favorable Energy-saving Assessment Result, and contributed to the construction of green system and the accelerated conversion of old and new kinetic energy.

However, the company continuously carries out the in-depth technical transformation related to energy conservation and consumption reduction, and focused on the fluid energy saving technology, the deep waste heat recovery technology, the air preheating technology and the air compressor retrofit and application. By implementing various types of energy-saving technology transformation projects, the company's energy consumption per RMB 10,000 turnover and the unit consumption per unit product maintained the decline trend, providing the technical support and guarantee for the company's green and low-carbon development strategy.

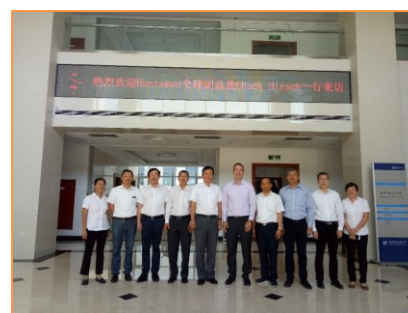
(IV) Supply Chain Management

Lu Thai has always been committed to building a green sustainable textile and apparel supply chain. As an important part of the Supply Chain



Management Strategy, the sustainable development concept shall be regarded as one important criteria for supplier selection, evaluation and procurement distribution so as to continuously deepen the cooperation with upstream suppliers, downstream customers and other partners. By means of the Supply Chain Management, the sustainable development concept can be extended to the entire supply chain.

In 2018, Lu Thai continued to optimize the supplier management system, and evaluated and managed all suppliers from various aspects such as quality assurance, employees' rights and benefits, environmental protection, health and safety, and business ethics. The company has included suppliers in the scope of safety management, improved the supplier access system, the qualification review system, the supplier evaluation system, established the list of qualified suppliers, regularly audited and supervised suppliers, and carried out corresponding follow-up and guidance measures as needed. By sharing resources with various partners, the company has tried its best to make them understand and obey related criteria of sustainable development and promoted the construction of sustainable development capacity.



Confronted with various opportunities and challenges in the future, Lu Thai is willing to work together with all suppliers, customers and other partners to promote the sustainable development of the entire industry chain, continuously improve the product competitiveness, build the China's brand, realize a boom in China's manufacturing industry and walk in the forefront of the world.

Chapter 5

Sustainable Personnel Development

- ✧ **Employees' Rights and Benefits**
- ✧ **Growth Platform**
- ✧ **Care for Employees**

联合国可持续发展目标	<div> <div> 3 良好健康与福祉  </div> <div> 4 优质教育  </div> <div> 5 性别平等  </div> <div> 8 体面工作和经济增长  </div> <div> 17 促进目标实现的伙伴关系  </div> </div>				
	确保健康的生活方式，促进各年龄段人群的福祉	确保包容和公平的优质教育，让全民终身享有学习机会	实现性别平等，增强所有妇女和儿童的权能	促进持久、包容和可持续经济增长，促进充分的生产性就业和人人获得体面工作	加强执行手段，重振可持续发展全球伙伴关系
	3 Good Health and Well-being	4 Quality Education	5 Gender Equality	8 Decent Work and Economic Growth	17 Partnerships for the Goals
	Ensure healthy lives and promote well-being for all at all ages.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Achieve gender equality and empower all women and girls.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Chapter 5 Sustainable Personnel Development

(I) Employees' Rights and Benefits

Employees are the foundation of the company and the key to the business success. The company actively cultivates the corporate culture featuring the care and love for employees, adheres to the “people-oriented” values, highlights and safeguards the legitimate rights and interests of employees, truly enables employees to come, stay, and work well, and creates good and harmonious humanistic environment for employees’ development, providing the personnel guarantee for the company’s continuous development.

1. Recruitment

The company always adheres to the people-oriented principle and respects and safeguards the legitimate rights and interests of employees. The company strictly abides by relevant international standards and conventions acknowledged by the host government and applicable laws and regulations prevailing in the host country, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Labor Law of Cambodian Garment Industry, the Myanmar Factory Law, the Vietnamese Labor Law, and the Vietnam Trade Union Law, to legally

recruit employees. In addition, the company resolutely refuses forced labors, eliminates child labors, and executes the non-discriminatory employment policy. In respect of employment, remuneration, training opportunities, promotion, dismissal or retirement, the company eliminates and opposes any discriminatory acts based on race, national or social origin, social class, descent, religion, physical disability, gender, sexual orientation, family responsibilities, marriage status, union membership, political opinion, age or other aspects. The company respects the right of employees to form and join any trade unions freely and ensures the unhindered communication channels. Through relevant systems, the company can guarantee that employees have fair and reasonable remuneration, benefits, vacation and occupational health and safety rights.

2. Democratic Communication

The company attaches great importance to the common construction, co-governance and sharing with employees, and emphasis is placed on the democratic management, democratic participation and democratic supervision of employees. Besides, the company has established a variety of communication channels so as to timely understand the needs of employees, solve various problems in employees' work and life, and provide them with targeted support and assistance.

At home and abroad, trade union and employee representatives are free to communicate with employees in regardless of time and place. As the labor union chairman's reception day is selected, monthly or quarterly meetings of trade union members, employee representatives and the company management are held. Meanwhile, employees at home and abroad can give feedback through email, suggestion box, and SMS. For different opinions, suggestions and complaints submitted by employees, the trade union and the company shall conduct timely investigations and formulate improvement measures. Then, corresponding feedback shall also be given to employees in order to continuously meet the needs of employees.

By applying various methods including the employee satisfaction survey and communication with employees, the company can understand the specific degree of employee satisfaction and develop targeted improvement measures to continuously improve the employee satisfaction.



➤ As shown in the picture, employees of Lu Thai (Cambodia) Textile Co., Ltd. Were voting their Representative.

Similarly, the company has set up the staff union and the democratic union abroad. On the labor union chairman's day (the 25th day each month), different complaints, opinions and suggestions will be received from the employees, on which basis, the chairman will communicate with the company on behalf of these employees.

The company implements the system of making the factory affairs open to employees, sets up the independent staff representative opinion column and the union representative opinion column to announce various problems and solutions proposed by employees.

The company has a sound employee communication mechanism, and the factory sets up a suggestion box. The trade union will check the suggestion box every day. On the 25th day each month, the company will hold a meeting and communicate with the trade union representatives and employee representatives to exchange information monthly, and timely review and analyze all existing problems.



3. Establishment of Scientific Remuneration System

The company has adopted a variety of methods to motivate employees, and implemented and continuously improved the remuneration system which highlights specific contributions of various positions and meet various requirements of different positions. The company strictly abides by relevant international standards and conventions acknowledged by the host government and applicable laws and regulations prevailing in the host country, such as the Labor Law of the People's Republic of China, the Labor Law of Cambodian Garment Industry, the Myanmar Factory Law, and the Vietnamese Labor Law etc. to guarantee the conformance of remunerations and welfare. Furthermore, the company follows the principle of distribution according to work, implements the equal payment for equal work, and the system of more payment for more work, avoids withholding the employee's salary disciplinary purposes, and regularly conveys the composition of wages and bonuses. The company aims to fully realize the value of employees by establishing a sound and scientific remuneration system that allows employees to share the benefits from the company's growth.

(II)Growth Platform

The continuous development of Lu Thai Company derives from the passion of employees for continuous innovation. The company always pays attention to the personal growth of employees, focuses on the development potential of employees and development opportunities, strives to create an optimal development environment for each employee's learning and growth, constantly motivate employees' enthusiasm and innovation spirit, and promote the mutual growth and improvement between employees and the company.

1. Education and Training

Based on the talent training plan, the demand for the employee's growth

and development and related job responsibilities, the company can improve the knowledge structure of employees, enhance the overall quality of employees, upgrade the employees' professional skills, work attitudes and behavioral patterns, maximize their potentials and realize their value of life to the greatest degree by investigating the training needs, formulating various training plans, organizing the implementation and conducting the tracking management and improvement.

In 2018, the company expanded the train of thought and the management level of the management staffs by means of internal rotation and out-of-office training; for technical talents, the company organized corresponding technical training, job title evaluation and other activities to improve the skills of employees.



Especially, more than 2,800 employees were organized to participate in the on-the-job education and training; professional training for professional talents, such as quality engineers, marketing, design, research and development talents was also conducted to enhance the professional level of talents. Meanwhile, the company also established a team of internal trainers, and now there are 76 internal trainers in charge of sharing the company's internal technology and management experience. The company invested RMB 1 million Yuan to build the development center and has trained more than 5,000 employees. As a result, the company has strengthened the team culture of employees and enhanced the team cohesion.



In overseas factories, the company formulated corresponding training schemes and took various measures including the apprentice led by the master and the establishment of training teams and the trainer system in line with the characteristics of local employees. According to the difficulty of the work, the company set different training periods, and formulated modularized and standardized courses based on specific class time so as to guarantee that employees can meet relevant job requirements as soon as possible and adapt to their job positions. For example, Lu Thai (Vietnam) Textile Co., Ltd. opened the Chinese training class, regularly conducted Chinese language tests, and issued language subsidies based on specific test scores. While improving the level of employees' communication in Chinese, it also promoted the spreading and exchanging of Chinese traditional culture. At the same time, Lu Thai (Vietnam) Textile Co., Ltd. adopted the one-to-one training method for Chinese personnel stationed in Vietnam to facilitate their independent study, and conducted Vietnamese language proficiency tests every quarter, and awarded rewards to Vietnamese teachers and Chinese personnel based on specific test scores.



2. Career Planning

As the company attaches great importance to the employees' career development planning, it has established the dual-channel model for the career development, and adopted the single-pair single-double tutor system to train employees, enabling them to figure out their own career development path. In addition to the vertical development channel of the post sequence, employees can also cross over the post sequence for their horizontal development. Based on the career development of the employees, the company has also designed the training system and prepared corresponding training plans. In many ways, the company has enriched the employees' working experience, broadened the field for career development, and accelerated the growth and success of employees.



By the end of 2018, in the company had owned one National Friendship Award, one Taishan Scholars Specially-invited Expert, two

Shandong Provincial Outstanding Young and Middle-aged Experts, one Shandong Provincial Chief Technician, and five Shandong Provincial Chief Industrial Technicians. In 2018, the domestic company newly hired 6 employees as senior technicians, 38 employees as technicians, 260 employees as senior technicians, 428 employees as intermediate technicians, 769 employees as level-2 junior technicians, and 1394 employees as level-1 junior technicians. Meanwhile, a newly hired employee was appointed as the level-1 engineer, 30 employees engineers, and 298 employees assistant engineers; two new employees were appointed as designers and 14 employees assistant designers. After years of hard work, the company has gradually cultivated a talent team of reasonable structure and high quality to support the healthy, stable and sustainable development of the company.

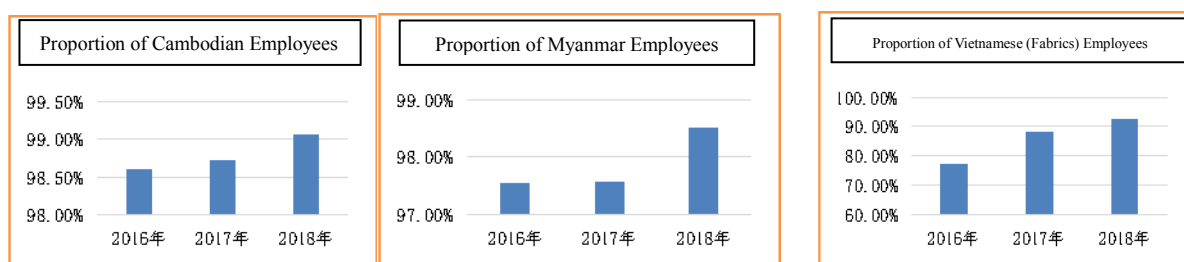
➤ **Lu Thai (Cambodia) Textile Co., Ltd. awarded outstanding groups and individuals to motivate the employees' initiatives.**

At Lu Thai (Cambodia) Textile Co., Ltd., new employees would be firstly trained after they entered the factory, and rewards would be awarded to employees proved outstanding during the comprehensive evaluation. In order to better mobilize the enthusiasm of employees and stimulate employees' enthusiasm in work, the company conducted excellent team evaluation activities. According to the completion of the production indicators and quality indicators of the month, groups achieving the highest sewing efficiency and the best quality in the month would be selected to win 1 million kyat. For managers, an annual summary should be made, and they would be ranked based on the quality and efficiency, and one TV set would be awarded to the excellent management personnel.



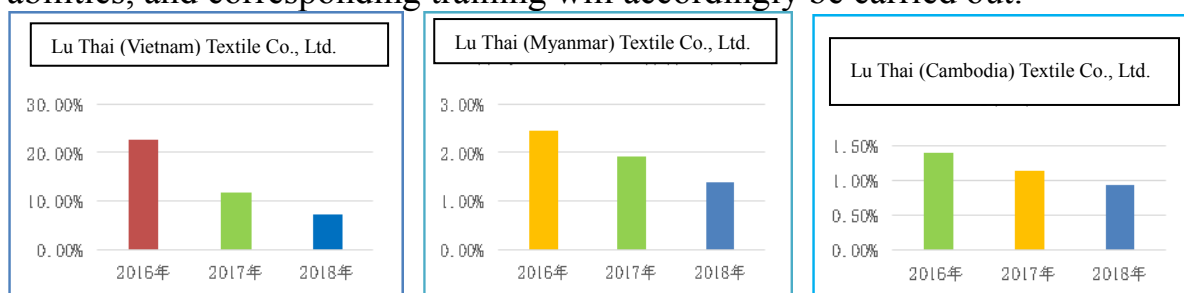
3. Diversification of Employees

The company has formulated and implemented the goal for diversification in all aspects from the gender, age, ethnicity, and religious beliefs of its employees. Meanwhile, the company has strictly observed relevant laws and regulations and international conventions to ensure the fair employment of male and female employees, and actively promote the localization of overseas employees because the localization of employees can help the company understand different cultures of different regions, promote the employment of the local people, and facilitate the growth of local economy.



Local employees engaged in overseas production bases increased year by year

In overseas factories, Lu Thai has attached great importance to the localization of employees, and focused on stimulating their initiatives from the talent selection and training to formal appointment, in which way, some employees with corresponding management and technology knowledge can become skillful quickly and adapt themselves to various positions. During the selection of foreign managers, priority will be given to employees with strong adaptive capacity, learning ability and outstanding skills. Through assessing, developing and training technical cadres, corresponding technical personnel and management personnel will be clearly classified based on their scores and abilities, and corresponding training will accordingly be carried out.



Chinese Managers in Various Overseas Production Bases Decreased Year by Year

4. Evaluation of Outstanding Employees

In 2018, the company made great effort to create a good atmosphere in which all employees could learn from outstanding employees and make themselves become outstanding employees by holding various activities including the evaluation of outstanding employees, technical skills competitions, science and technology progress commendation conference and commendation conference on March 8 etc..



Through advocating the spirit of workmanship and appraising and electing Lu Thai Craftsmen, all employees will be inspired to research and develop new technologies and continuously improve their knowledge, skills and attainments based on their own work.



➤ The 28th Technical Skills Competition (China) in 2018

From March to June in 2018, the company held The 28th Technical Skills Competition, involving 52 units, 831 types of work and over 14500 employees. By means of various propaganda activities, training and learning activities, theory examinations, job-oriented training, preliminary contests and finals, a large number of employees with rich experience and professional skills stood out from the competition. Through strict audits and assessment, 10 single-skill champions, 220 model technicians, and 5613 outstanding employees were appraised and elected eventually. As a matter of fact, by means of holding various competitions and selecting the best, all employees would be inspired to advocate the spirit of workmanship, highlight and respect the technology and make themselves become knowledge-, skills- and innovation-oriented employees.



➤ 2018 Technical Skills Competition of Lu Thai (Cambodia) Textile Co., Ltd.

In 2018, Lu Thai (Cambodia) Textile Co., Ltd. held the technical skills competition to commend outstanding talents. 787 employees had excellent performance in this competition and won a total bonus of 13370 dollars. In order to encourage annual outstanding employees, the company conducted the appraisal and election of outstanding employees, and 214 employees were awarded the title "Advanced Individual" in total with the total bonus of 4280 dollars. In addition, the company would appraise and commend outstanding employees and quality teams on a monthly basis, and the bonus throughout the year amounted to 83,000 dollars.



➤ 2018 Technical Skills Competition of Lu Thai (Burma) Textile Co., Ltd.

Lu Thai (Burma) Textile Co., Ltd. will hold the technical skills competition every year. In 2018, the technical skills competition involved 11 groups, 62 processes and 771 employees. After the fierce competition, many employees showed their talents, and achieved remarkable performance by virtue of their excellent skills, outstanding abilities and superior operating techniques. As reviewed and approved by the appraisal commission, 312 employees were awarded the winning prize including Kaiweiao, Wendandabiao, Didi A, Lunlunmou and Sensente etc.. In order to encourage and commend outstanding employees, the company conferred them with honorary titles and incentive bonus.



➤ 2018 Technical Skills Competition of Lu Thai (Vietnam) Textile Co., Ltd.

In 2018, Lu Thai (Vietnam) Textile Co., Ltd. held the technical skills competition, and 73 first prizes, 108 second prizes and 179 third prizes were respectively awarded with 1.2 million Vietnamese tong, 0.8 million Vietnamese tong and 0.5 million Vietnamese tong for each prize winner. However, the technical skills competition aims at improving the quality of all employees, effectively implementing the important strategy of enterprise development through talents, creating good learning atmosphere in the company, training and shaping a high-quality team consisting of employees with professional and strong skills by virtue of advanced models and promoting the sustainable development of employees' abilities.

(II) Care for Employees

In the course of development, Lu Thai has always adhered to the value of People First, and regarded human resources as the company's primary resources.

While maintaining its healthy, stable and sustainable development, the company has allowed its employees to share its developmental achievements. Based on the principle of Attracting Talents by virtue of Corporate Culture, the company carries out the seamless management throughout the process. From employees' entering into the company, learning and growth, family building to their children's education, all-round management, support and assistance will be given as a means for care and love for employees, in which way, employees will be no fear of attacks from behind, and are willing to seek common growth and development with the company.

1. Recreational and Sports Activities

Based on the principle of “Retaining Talents by virtue of Career, Emotions and Corporate Culture”, the company highlights the construction of corporate culture and humanistic environment. In 2018, the company held various recreational and sports activities including social dance and aerobics activities to enrich employees' work and life. In addition, the company has established



the employees' part-time symphony orchestra, the fashion show team and other organization to make their life more colorful. Further, the company positively creates the harmonious atmosphere, and strives to build a good working environment for employees so as to make their work and life happier and continuously improve their sense of belonging and satisfaction.



In line with the characteristics of the host country, various overseas production bases fully respect the free will of their employees and organize diversified recreational and sports activities based on

different cultures to enrich employees' work and life and enhance the collective cohesion.

2. Welfare Treatment

As the company always attaches great importance to the employees' welfare, it has actively built the culture of "Home", focused on the employee satisfaction and created the harmonious and pleasing humanistic environment for all employees. For example, the company will provide employees with diversified working lunches free of charge; various holiday gifts will be presented to female employees on International Working Women's Day (March 8); quarterly welfare will also be granted to all employees; the company will organize various lectures on health knowledge; the company's senior management will have a dinner with employees on the Mid-Autumn Day; the company will provide employees with comfortable accommodation environment and all dormitories will be equipped with air conditioners with available Internet Access; the company will pay attention to the mental health of employees and provide free psychological counseling services. By paying attention to the employees' emotions, health and diets, the company will continuously enhance their happiness and sense of gain and improve their cohesion and centripetal force.



➤ The Mid-Autumn Festival Family Dinner in 2018

The moon, grown full now over the sea, brightened the whole world. On September 24, 2018, Lu Thai Company held The Mid-Autumn Festival Family Dinner as scheduled. The Chairman and senior leaders were gathering happily with employees from various factories and departments to jointly celebrate this festival. During the dinner, the Chairman gave his best wishes to all employees, and introduced the company's future development plans. He said that everyone played a role in inheriting and advocating the corporate culture, and in driving the company's new development in the next 30 years, and he hoped that all employees could love their jobs, give their intelligence and wisdom a full play, and contribute much more to the construction of the world-level Lu Thai Company with a long history of 100 years. Then, the family dinner was surrounded by the harmonious and happy atmosphere.

In various overseas factories, the company has provided free accommodation services including free working lunch or meal subsidies and traffic subsidies, and set up the medical room equipped with qualified doctors, sickbeds and medical appliances so as to provide employees with free medical services in line with the actual situation of the host country. Meanwhile, according to specific conditions in different countries, the company has provided employees with free physical examination service to provide a strong guarantee for their physical health. For example, in Cambodian factory, 3-month salaries will be paid in advance to female employees during their maternity period. During the probation period, employees can also have annual leaves and contract expiry bonus. In Myanmar, free shuttle buses are available for employees.



3. Help and Support Employees

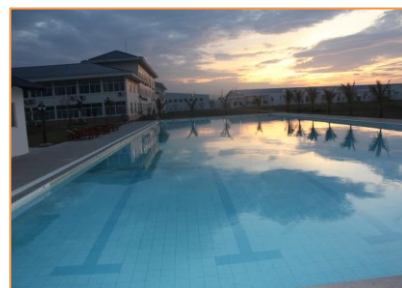
In order to better fulfill its responsibilities and obligations of safeguarding the legal interests of employees and exclude the difficulty and anxiety for them, the company has continuously given assistance and warmth to those employees in need. In order to help their children attend the kindergarten, the company has invested and built Hongshan Kindergarten to benefit the internal employees while providing the society with inclusive services. In order to care the employees' families and encourage their children to contribute to the nation, the company has established the Golden Autumn Scholarship as incentives for their offspring's study in universities. For the purpose of eliminating the difficulties encountered by employees, the company has set up the assistance mechanism to help those employees in trouble. For example, Lu Thai Assistance Funds was organized to grant relief funds to any employee experiencing sudden changes or under special circumstances and their direct relatives. At the end of 2018, the company held 9 donation ceremonies, helped 119 employees and donated RMB 1.101 million Yuan in total. During holidays, the company's senior management would visit and express sympathy to those extremely-poor employees at the grassroots level, and encourage them to rebuild their confidence and embrace their new life with firm attitude.



4. Spare-time Life

In order to enrich the spare-time life of employees, the company has built various clubs, swimming pools, fitness rooms, libraries and e-reading rooms in domestic and overseas factories, on which basis, employees can relax their body and mind, enjoy colorful spare-time life, enhance their friendship, have deep mutual understanding and strengthen their abilities. By virtue of the company's humanistic care, the cohesion and the sense of belonging of employees can thus be reinforced.

The company has built Lu Thai Sports Square, Lu Thai Culture Road, Lu Thai Wenyuan Park and Zoo to provide employees and citizens with places for leisure, sports, cultural and entertainment activities, and fulfilled its responsibilities and obligations as the enterprise citizen by taking practical actions, which has won the trust and support from customers, partners, governments and communities and created favorable external environment for the development and creation of employees.



5. Visit the Employees' Home and Understand their Life

By organizing different forms of home visits and exchange activities, including attending local employees' weddings, celebrating birthdays for employees, attending the adult ceremony of employees' families etc., the company tried to understand the family and living conditions of employees so as to be closer to their life and build a good humanistic environment.



6. Respect the Local Traditional Culture, Participate in Local Folk Activities and Better Blend into Local Culture.



According to different conditions of different countries where overseas production bases are located, the company respects different traditional cultures prevailing in the region, participates their in ethnic activities, and better blends into the local culture and the local society.

Chapter 6

Sustainable Public Welfare for People's Livelihood

- ✧ Help and Support the Poor and Deliver the Positive Energy**
- ✧ Donate Money for Schools and Shape the Future**
- ✧ Opening and Sharing, Promoting the Local Development**
- ✧ Charitable Activities Contribute to the Community Development**

联合国可持续发展目标

1
无贫穷

在全世界消除一切形式的贫困

2
零饥饿

消除饥饿，实现粮食安全，改善营养状况和促进可持续农业

3
良好健康与福祉

确保健康的生活方式，促进各年龄段人群的福祉

4
优质教育

确保包容和公平的优质教育，让全民终身享有学习机会

5
性别平等

实现性别平等，增强所有妇女和儿童的权能

8
体面工作和经济增长

促进持久、包容和可持续经济增长，促进充分的生产性就业和人人获得体面工作

9
产业、创新和基础设施

建设具备抵御灾害能力的基础设施，促进具有包容性的可持续工业化，推动创新

11
可持续城市和社区

建设包容、安全、有抵御灾害能力和可持续发展的城市和人类社区

The Global Goals for Sustainable Development	1	No Poverty	2	Zero Hunger	3	Good Health and Well-being	4	Quality Education	5	Gender Equality	8	Decent Work and Economic Growth	9	Industry, Innovation and Infrastructure	11	Sustainable Cities and Communities
	End poverty in all its forms everywhere.		End hunger, achieve food security and improved nutrition and promote sustainable agriculture.		Ensure healthy lives and promote well-being for all at all ages.		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.		Achieve gender equality and empower all women and girls.		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.		Make cities and human settlements inclusive, safe, resilient and sustainable.	

Chapter 6 Sustainable Public Welfare for People's Livelihood

(I) Help and Support the Poor and Deliver the Positive Energy

In order to enable the public to enjoy the fruits of economic and social development, the company has actively responded to the call of the national poverty alleviation policy, and carried out the targeted poverty alleviation. The company adheres to the traditional virtues of the Chinese nation through respecting the old and taking good care of children, conducts various charity activities, pays attention to the disadvantaged groups, and actively creates the good atmosphere for building a harmonious society. In recent three years, the company has provided a total of



RMB 7.95 million Yuan for poverty alleviation and social welfare donations. At the end of 2018, the Chairman and his family members continued to donate RMB 1 million Yuan to the elderly in the district based on 12 consecutive years of donations. Now, they have donated RMB 13 million Yuan in total to continuously carry forward the traditional virtue of respecting and honoring the elderly.



➤ **The Chairman visited the Related Village for Investigating the Specific Poverty Alleviation Situation**

In May 2018, the Chairman Liu Zibin visited the related village for investigating and guiding the specific poverty alleviation work. Liu Zibin successively paid a visit to Xiataoshan Village of Xihe Town, Beiyueyin Village, Beimou Village and Beixiace Village of Taihe Town. During each visit, Liu Zibin listened carefully and asked in detail to understand the village's economic income, the production and living conditions of the villagers, the living conditions of the poor and next steps. Lu Thai Company will conscientiously implement the targeted poverty alleviation, seek good methods for poverty alleviation, find the right path for the village's economic development, and realize the goal of enriching the villagers and strengthening the villages according to the existing conditions of poor villages.

(II) Donate Money for Schools and Shape the Future

Lu Thai has always attached importance to supporting the development of education. The company established Lu Thai Textile Scholarship and Lu Thai Textile Education Fund to encourage teachers with outstanding teaching achievements and students with excellent academic performance, and help poor students fulfill their dreams about campus.



By the end of 2018, RMB 3.78 million Yuan were granted to a total of 4885 teachers and students from Lu Thai Scholarship. Similarly, RMB 2.11 million Yuan were granted to 189 students from Lu Thai Textile Education Fund. In recent three years, a total of over RMB 5.27 million Yuan were donated to Hongshan Primary School, Zibo School of Technology, Shandong University of Technology, and Qingdao University etc.. As the company supports the educational development, it has promoted schools and enterprises to complement each other by virtue of their advantages. At the same time, priority can be given to graduated students for their employment in the company, achieving the benefits of mutual development of schools and enterprises.

(III) Opening and Sharing, Promoting the Local Development

In the process of achieving sustainable development, the development of enterprises is inseparable from the local department's participation and support,

and the local development also requires the creation and contribution of enterprises. While realizing its healthy and stable development, Lu Thai adheres to the corporate mission of “Creating wealth, Contributing to the society, Clothing the country and Boosting the development of the world”, and is committed to continuously contributing to the local development, creating benefits and jobs, increasing tax revenues, and improving people’s livelihood in order to actively undertake its social responsibilities, reward the society, and live in harmony with the society.

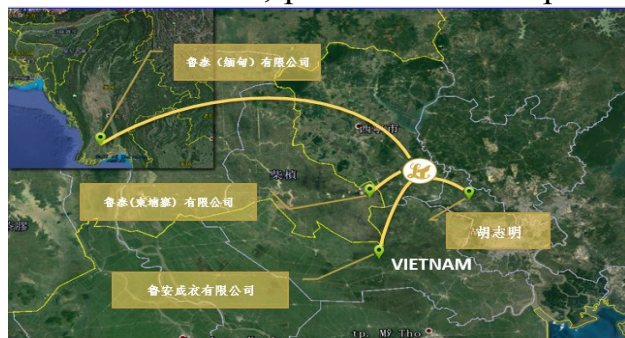
In 2018, the company continued the “East-to-West Spindle Transfer” project, and built a 100,000-spindle cotton spinning project in the Aksu region of Xinjiang. The project was completed and put into production in 2018. As a result, the total scale of cotton spinning of Xinjiang Luthai Fengshou Cotton Industry Co., Ltd. reached 228,000 spindles, mainly



producing over 80 high-count yarns. As a matter of fact, the “East-to-West Spindle Transfer” project has solved various problems including the employment of local surplus labors without having to go far, propelled the local economy and promoted the common development.

(IV)Charitable Activities Contribute to the Community Development

As the acceleration of China’s “Going Out” policy, Lu Thai has developed and steadily promoted the company’s comprehensive international strategy, set up branch offices respectively in Milan and Tokyo, established its subsidiary in New York, and built various production plants in Vietnam, Cambodia, and Myanmar. Besides, the company has made full use of global resources and implemented the effective industrial layout in all aspects from R&D and design, customer service, production and operation, market development and customer service etc..



Further, the company has also built many production plants in Cambodia, Myanmar and Vietnam. Based on Lu Thai’s excellent corporate culture, it pays attention to the openness and inclusiveness of culture, honors local customs, cultural traditions and religious beliefs, respects the cultural diversity and promotes the exchange of different cultures. Combined with local laws and

regulations, customs and practices, it has formed a corporate culture with local characteristics, and designated a specialist in charge of carrying out researches and the implementation. While driving the development of the surrounding areas, the company also ensures that the employees could fully understand and acknowledge the corporate culture, so that the corporate culture is rooted in the employees' work and life. Therefore, the corporate culture can support the construction of economy which will in return promote the surrounding areas' development, and accelerate the sustainable development of the company and the harmonious progress of the local community.

As a garment factory, Lu Thai (Cambodia) Textile Co., Ltd. was invested by Lu Thai Textile Co., Ltd. in 2014. The company is located in Qilu Special Economic Zone, Svay Rieng City, Svay Rieng Province, Cambodia. In 2018, the company donated approximately \$9,400 to the Cambodian Garment Training Institute Fund (CGTI) through the Garment Manufacturers Association of Cambodia (GMAC). Besides, the company has also provided wages and salaries to satisfy the basic needs of local communities, add much more inclusive services to the employees, and create more favorable employment conditions for the local surplus labors. In order to protect the water resource environment, the company invested US\$353,000 to build sewage treatment facilities. In order to guarantee the reasonable disposal of domestic wastes, the company has entrusted qualified units for waste disposal. For the purpose of facilitating the local construction, the total amount of donations to the local government reached US\$3,000 in 2018. By taking a series of measures, the company has actively burdened its due social responsibilities and promoted the stable and sustainable development of the local economy and society. Lu Thai (Cambodia) Textile Co., Ltd. was awarded the title of Better



Factories Cambodia by the International Labor Organization. The certificate will continue to be valid from June 12, 2015 on.

Lu Thai (Myanmar) Textile Co., Ltd. is the second overseas factory invested by Lu Thai Textile Co., Ltd. in 2014. It is located in Thilawa Special Economic Zone, Yangon, Myanmar. The

company has played an active role in the local public welfare undertakings,

actively assumed its due social responsibilities, made great contributions to the local development, donated various resources to build roads for nearby communities, helped local residents obtain convenient transportation conditions, and driven the economic development. Meanwhile, the company has also contributed to build a library for local residents, enrich their spare-time life and help them meet their spiritual and cultural needs. The company will organize various activities to show its care and love for children every year, make charitable donations to various orphanages, and hold different social celebrations to care the healthy and happy growth of local children and facilitate the development of local society.

Lu Thai (Vietnam) Textile Co., Ltd. is an overseas yarn-dyed fabric production base established by Lu Thai Textile Co., Ltd. in Vietnam. The company is located in Tay Ninh Province, Vietnam. The company pays close attention to the development of local society and actively participates in social welfare activities to facilitate the social development. By the end of 2018, a total of 8 charitable poverty alleviation donations were made (totaling 260 million VND) to improve the living conditions and standards for local residents.



Lu An Garments Co., Ltd. is one of the overseas branches of Lu Thai Textile Co., Ltd. with a total investment of 30 million US dollars, and located in Binh Hoa Industrial Zone, Binh Hoa Community, Chau Thanh County, An Giang Province, Vietnam. Its annual output capacity is designed at 9 million pieces of medium and high-end shirts, and all machinery equipment and raw materials are imported from overseas. The production line features high automation level, high product quality and high level of environmental protection, and manufactured products are mainly sold to the United States, the European Union, Japan and other countries and regions. As the company always



adheres to the traditional virtue of helping the poor, it has actively fulfilled its social responsibilities, and showed its care for the learning and living conditions of the disadvantaged groups, especially those in need. In 2018, the company donated stationery to poor children; in the same year, the company donated to Binh Hoa Community Children's Relief Fund, contributing to the healthy and happy growth of children in need through practical actions.

In order to better fulfill overseas social responsibilities and establish a better image for Chinese companies, Lu Thai always adheres to its responsible operations and forms the culture and value of responsibility. Meanwhile, it is enthusiastic about charitable activities, and takes active actions in building the infrastructures, helping the poor, supporting the educational development, developing the culture, promoting the employment, and enhancing the economy so as to give back to the people of the host country, improve the good reputation of Chinese companies abroad, and boost the sustainable development of the local economy, society and the environment.

Looking Forward to 2019

At present, the world economy is undergoing an in-depth adjustment, the pressure on resources and the environment is gradually increasing, and the pattern of international trade is becoming increasingly complex. The economic globalization has realized the rapid flow of industry, capital, talents and information on a global scale, largely reduced the costs of international trade and investment, and accelerated and evolved with major breakthroughs in technological innovations. At the same time, the textile industry and the world economy are increasingly interconnected and the interdependence is being deepened. For a very long time, the development of the textile industry has always focused on development and common prosperity, continuous opening up, in-depth integration, complementary advantages and synergy and mutual improvement. The company will indeed take the path of seeking common ground while reserving differences and creating mutual benefits and the win-win situation.

In the face of the new situation, Lu Thai must implement the new development concept, adhere to the promotion of high-quality development, accelerate the transformation of new and old kinetic energy, regard the customers as the center, and advocate the guidelines of “activate stocks, seek increments, strengthen the industry, and operate moderately” in order to continuously promote the strategy of “Improve Quality and Efficiency” and “Overall Internationalization”, advocate the struggling spirit, and build a world-class enterprise in the textile product supply chain. Focusing on the development trend of “Making Traditional Industries Become More Advanced, Form the Chain Mode, and Realize the Intelligentization and Greenization”, the company will promote the reform of quality, efficiency and driving force. Meanwhile, the company must vigorously implement the strategy of increasing varieties, improving quality and creating brands, continuously improve the development quality and create benefits, and focus on improving the reputation of “Made by Lu Thai” and the influence of “Created by Lu Thai”. At last, in order to accelerate the pace of integration of science and technology, fashion and greenization, and strive to build a new intelligent manufacturing model and the green manufacturing industry ecological system, the company has made great effort to make itself the innovative technology-driven enterprise, the responsibility-oriented green enterprise, and the culture-led fashion enterprise, constantly enhanced its sustainable development capability, and actively blended into this new era, contributing to the development of the world’s textile industry.